

THANK YOU TO KUTAK ROCK AND U.S. BANK FOR SPONSORING TODAY'S EVENT!



The electronic version of this document, along with a post-event wrap-up, will be emailed to everyone who registered, so don't worry when you see the long links we've included. We'll also send a link to the recorded event through City Channel 5 and the City's Vimeo site. Feel free to pass the information on to anyone you think may be interested and to reach out to Steve with any questions you may think of after today's forum. Contact information for City staff and our speakers is also included below. - *Stephanie Bishop (Steve MacDonald's Assistant) – sbishop@spokanecity.org*

Meet Today's Speakers:



Carol J. Mihalic, Partner - Kutak Rock, Denver

Carol focuses her practice on tax-incentivized financings, including New Markets Tax Credits, Renewable Energy Tax Credits and Historic Rehabilitation Tax Credits. In her representation of QALICBs, many of which are nonprofits, CDEs, tax credit investors, leveraged fund lenders and structuring agents, she has provided creative solutions to tax issues, balancing the New Markets Tax Credits requirements with the Client's business desires. She advises clients regarding structuring alternatives in transactions with multiple parties at each level of the financing and in combining New Markets Tax Credits with bond financing, Historic Rehabilitation Tax Credits, state tax credits, Renewable Energy Tax Credits, Opportunity Zone financing, government grants and other sources of financing (including structuring and closing a first in the country redevelopment in Cincinnati, Ohio utilizing 14 distinct financing sources). Her expertise extends to advising clients on the statutory and regulatory issues associated with pre-funded QEIs, loan modifications, workouts of distressed or failed New Markets Tax Credits investments, redeploying New Markets Tax Credits funds and exiting transactions at the end of the seven-year New Markets Tax Credits compliance period. Carol regularly represents not-for profit QALICBs and is able to navigate through governmental regulations and requirements of the not-for-profits, while at the same time meeting the New Markets Tax Credits program requirements.

Carol represents investors and syndicators in connection with the financing of solar facilities throughout the country that qualify for Renewable Energy Tax Credits (RETCs). She advises clients on tax and other considerations with respect to the transfer of RETCs, partnership flips, inverted leases, bonus depreciation and other structure considerations and renders the necessary tax opinions.

She also actively participates in industry efforts to resolve tax and structuring issues in New Markets Tax Credit and Renewable Energy Tax Credit matters and regularly speaks at Tax Credit and related conferences.

In addition to her Tax Credit and Opportunity Zone experience, Carol also advises clients with respect to the tax aspects of securitizing tax-exempt bonds (and other asset classes) and provides strategic advice and renders tax opinions on a wide range of federal income tax matters.



Drew Hammond, VP & Business Development Officer U.S. Bank, Seattle

Drew Hammond leads USBCDC's NMTC Business Development activities on the West Coast of the U.S. as well as in Texas and Oklahoma. Since joining the team in 2015, Drew has helped meet the West Region's production goals exceeding \$450 million annually while participating

in a wide array of transactions for both non-profit and for-profit partners, including mixed-use developments, healthcare and community facilities, and large-scale manufacturing plants.

Before joining USBCDC, Drew spent five years in U.S. Bank's Community Lending Division originating construction and permanent loans and assisting in the management of a \$235 million portfolio of affordable housing projects in the Pacific Northwest.

Drew has served on the Loan and Investment Committee for a local CDFI and is a graduate of the local Housing Development Consortium's Leadership Development Initiative. He currently serves on CDFA's Food Systems Finance Advisory Council and an NMTC Working Group with the goal of increasing Black homeownership in the greater Seattle area. Drew graduated cum laude from the University of Washington's Business School with a BA in finance.



Beth Fore, VP, NMTC Investments SDS Capital Group, Los Angeles

Since 2007, National New Markets Fund (NNMF) is a certified CDE of the U.S. Treasury Department New Markets Tax Credit Program. NNMF focuses its capital on investments in manufacturing companies. Every investment must generate a significant amount of jobs or provide critical services to low-income individuals and families.

Beth Fore joined SDS Capital Group in July of 2023 and brings 13 years of NMTC experience. She is responsible for our New Markets Tax Credit investments, including origination, underwriting, asset management, and continued compliance with legal and regulatory requirements.

Prior to joining SDS, Ms. Fore was a Senior Associate Manager at Advantage Capital, a leading impact investor that provides growth capital to small businesses, where she managed a NMTC partner portfolio of over \$600MM in Federal and State allocation. She previously worked as a Senior Financial Analyst at US Bancorp Impact Finance. Ms. Fore started her career at Ally Bank where she held positions including Commercial Underwriter II, Area Financial Sales Manager, and Credit Analyst. Ms. Fore graduated with a Bachelor of Science in Finance from University of Central Missouri and earned an MBA from Lindenwood University. She is very active within the St. Louis, MO community and serves on several local non-profit boards.



Steve MacDonald, Director of Community & Economic Development – City of Spokane

Steve MacDonald was confirmed as the Director of Spokane's new Community and Economic Development Division in August of 2021. He is tasked with leading a City Division that encompasses economic development services, city planning, development services (plan review and permitting) and code and parking enforcement. MacDonald was hired by the

City of Spokane after a 30+ year career of diverse economic development experience in local government, non-profit and private sectors in Los Angeles.

Prior Experience

For 13 years prior to joining the City of Spokane, MacDonald was a Managing Director for Los Angeles-based SDS Capital Group. SDS Capital Group builds and manages a platform of over \$1 billion in impact investment funds focused in economically challenged areas. He joined SDS in 2008 and oversaw operations for SDS' New Markets Tax Credit program- National New Markets Fund (NNMF)- as well as the Community Development Group. MacDonald

managed the originations, secured investors, and closed \$502 million in New Markets Tax Credit projects for the firm in 9 rounds of funding from the US Treasury.

Prior to joining SDS, Mr. MacDonald was the President of FilmLA, the world's largest entertainment-focused economic development organization. MacDonald joined FilmLA in 2004 and restored order and viability to a challenged agency that was emerging from a serious public scandal. Through reorganization, financial and operational reform, and the addition of new service lines, he grew revenues to \$7.5 million and employees to 90 by FY 2007.

Earlier in his career, Mr. MacDonald created and initiated the operation of the Los Angeles Business Team under City of Los Angeles Mayor Richard Riordan. In this capacity, he was responsible for the retention, expansion, and attraction of business citywide. He oversaw the City's first-ever marketing campaign to area businesses and developed and pushed through vital pro-business legislation involving: reduction of business taxes for multimedia firms, creation of economic recycling zones, and reduction of public works fees. MacDonald and the Team worked closely with the City's Community Development Department and Community Redevelopment Agency on numerous transactions involving various financing programs (Industrial Development Bonds, small business lending, CDBG, EDA, etc.).

Mr. MacDonald also served as a Bureau Chief for the City of L.A.'s Department of Building and Safety where he turned around a notoriously bureaucratic department through customer service orientation and garnered numerous productivity awards for the Department in customer service, facility improvements and business efficiency initiatives.

Education and Personal

Mr. MacDonald has an MBA from Pepperdine University and a Bachelor of Science Degree in Marketing from San Diego State University. He and his wife moved to Spokane in October 2021 with their Irish Terrier, Murphy.

Contact Information:

Steve MacDonald

808 W Spokane Falls Blvd
Spokane, WA 99201
smacdonald@spokanecity.org
509-625-6835

City of Spokane Economic Development Team

incentives@spokanecity.org
509-625-6500

Carol Mihalic

2001 16th St, Ste 1800
Denver, CO 80202
carol.mihalic@kutakrock.com
303-292-7805

Beth Fore

1281 Westwood Blvd, Ste 200
Los Angeles, CA 90024
bf@sdsgr.com
636-219-3308

Drew Hammond

U.S. Bancorp Impact Finance
Seattle Tower
1420 5th Ave
Seattle, WA 98101
andrew.hammond@usbank.com
206-743-2604

Helpful NMTC Links:

City of Spokane Economic Development Website

[Investment Incentives - City of Spokane, Washington \(spokanecity.org\)](https://spokanecity.org)

New Markets Tax Credit Coalition

<https://nmtccoalition.org/>

US Department of Community Development Financial Institutions Fund (CDFI)

<https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit>

CDFI Mapping Tool

<https://www.cdfifund.gov/cims> - Navigating Tip: This link will take you a page with a map with some blue boxes beneath it. Click on the NMTC box to get to the searchable map. Once there, make sure to type full addresses (including city and state) into the search box, since this is a national map.



Some Key NMTC Concepts, Definitions, and Terms:

NMTC – The New Markets Tax Credit – a 39% credit taken in installments over 7 years; (5% for the first 3 years and 6% for the last 4 years adds up to 39%). 39% of what is explained below.

CDFI Fund – The Community Development Financial Institutions Fund – a division of Treasury tasked with, among other things, overseeing NMTC.

CDE – A “Qualified Community Development Entity” certified as such by the CDFI Fund. Basically, has to be formed to help poor people or communities, “accountable” to low-income people in that community, and certified by CDFI Fund. Can be a C-corp, S-corp, or partnership.

Allocation Agreement – The Agreement pursuant to which the CDFI Fund grants the CDE the authority to “designate” (to be distinguished from allocate) NMTC to an investor. Competitive allocation process.

Allocatee – A CDE which has received an allocation of NMTC from CDFI Fund.

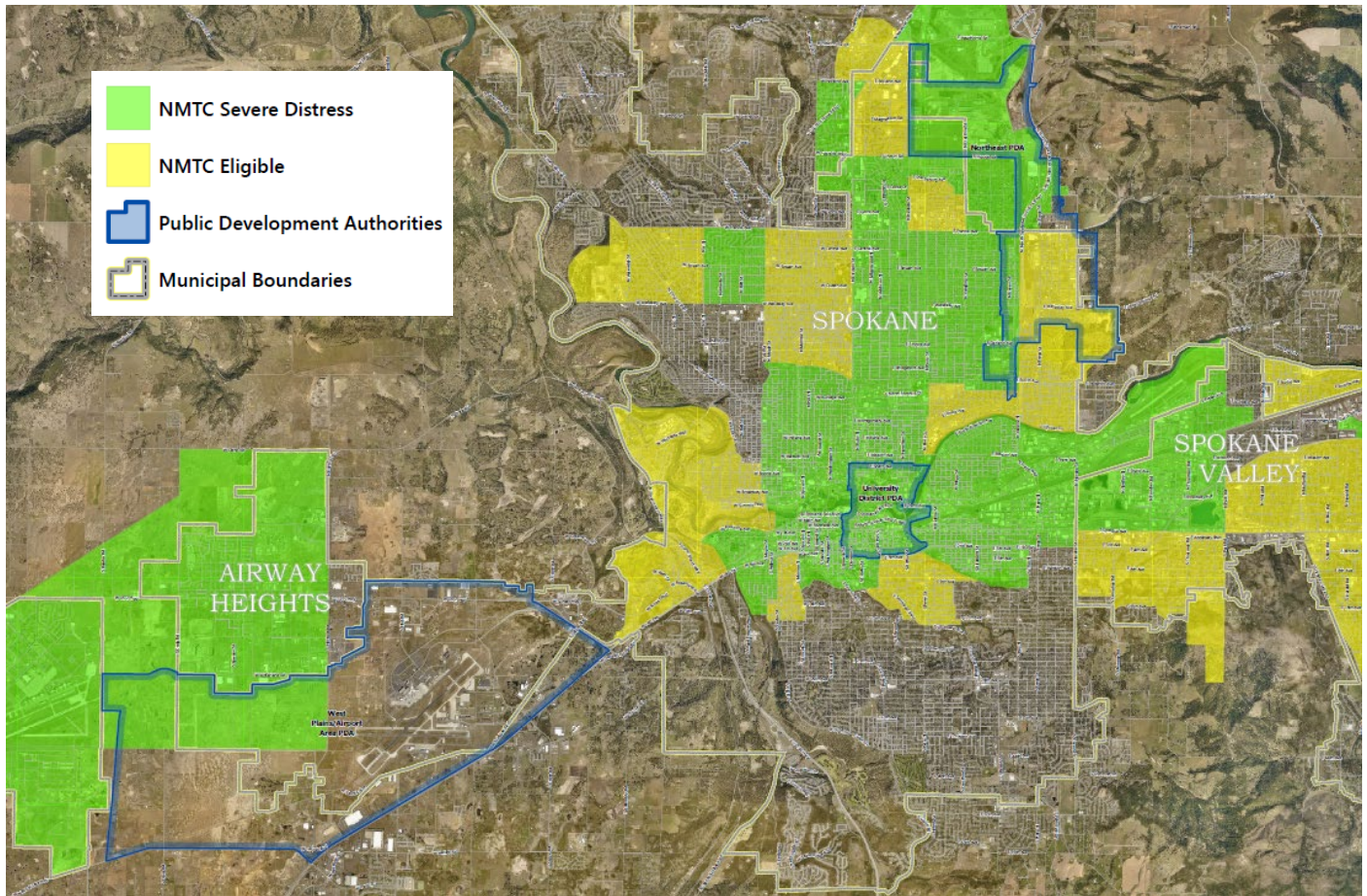
QEI – “Qualified Equity Investment” – \$ paid to the CDE to acquire equity in the CDE. The CDE designates the investment as a QEI, and the investor is then able to take a NMTC in an amount equal to 39% of the QEI.

QALICB (“Kwaw-lick-bee”) – a “Qualified active low-income community business.” Basically, any trade or business which is carried on in a low-income community. “Sin” businesses (golf course, country club, massage parlor, hot tub facility, suntan facility, gambling, liquor store) excluded. Nonprofits included.

QLICI (“Q-lick-ee” or “Kwi-lick-ee”) – a “Qualified low-income community investment.” Generally, a loan or investment by the CDE to/in a QALICB.

Sub-CDE – a “subsidiary” of the CDE, which itself also qualifies as a “Qualified Community Development Entity,” also known as a “subsidiary allocatee.”

Does Your Location Qualify for NMTCs?



City of Spokane's GIS Map (NMTC can be found under the Economic Development layer):

<https://spokane.maps.arcgis.com/apps/webappviewer/index.html?id=3bd21df38df54be58870e0d66c80d6ae>

NMTC Eligibility Map Differentiating Between Qualified & Severely Distressed:

<https://spokane.maps.arcgis.com/apps/instant/basic/index.html?appid=8b1316f7e89e42f3a40aa40a12902ca2>